

Fresno, California

May 31, 2007

The City Council met in special session at the hour of 8:30 a.m. in the Council Chamber, City Hall, on the day above written.

Present:	Brian Calhoun	Councilmember
	Mike Dages	Councilmember
	Jerry Duncan	Councilmember
	Cynthia Sterling	Councilmember
	Larry Westerlund	Councilmember
	Blong Xiong	Acting Council President
	Henry Perea	Council President

Andrew Souza, City Manager
Bruce Rudd, Assistant City Manager
James Sanchez, City Attorney
Douglas Sloan, Assistant City Attorney
Becky Klisch, City Clerk
Cindy Bruer, Deputy City Clerk

(8:30 A.M.) CONTINUED HEARING ON THE FY 2008 CITY OF FRESNO BUDGET

DEPARTMENT OF PUBLIC UTILITIES
ECONOMIC DEVELOPMENT DEPARTMENT
TRANSPORTATION

DEPARTMENT OF PUBLIC UTILITIES

Department of Public Utilities Director Ramirez thanked and introduced his management team in attendance, gave a PowerPoint presentation on his department and proposed budget stating the department's goal was to provide life's essential services which served over a half of a million people; reviewed the five year utility rate increase, mission statement, vision and operating principles, service activities including 140 million gallons of water each day through 1,700 miles of pipeline, accomplishments for fiscal year 2007, goals, challenges for fiscal year 2008, budget highlights for fiscal year 2008, residential utility rates as of May 31, 2007, utility governance update, stating Navigant was currently working on a special utility district, bond offerings, showed the difference of the operating budget expenses between the year 2007 and 2008, discussed utility rate comparisons with the City of Visalia, major capital projects – five year outlook, reviewed issues for each divisions, organizational chart, showed a pie chart of the uses of budgeted funds and the operating expense budget and reviewed the fiscal year 2008 Pro Forma.

Councilmember Calhoun questioned the status of Herndon Town, expressing concern with the shortage of water as well as the health and safety factor with City Manager Souza stating efforts were being taken to move forward to resolve the problem.

#2 MOTION – Calhoun/Sterling – Direct staff to return to Council with two funding options and implementation plans for completing water infrastructure upgrades in Herndon Town which could be a phase in approach or one large project.

Councilmember Calhoun expressed concern with the downtown water storage tank on the southeast corner of Mono and Broadway, stating when the item came to Council, the Council was informed at that time that the tank would be below grade and recommended placing a hold on the project until all the issues had been worked out. Mr. Ramirez stated the State had primacy on water issues and the State felt there was potential water contamination in the reservoir, which could require the tank be at a certain physical presence above the existing grade, adding the reservoir could still be covered with earth and used for a park. Extensive discussion ensued regarding the downtown water well with Councilmember Calhoun reiterating the importance of placing the budget funding in a contingency until the Council had received all the information.

#3 MOTION – Calhoun/Westerlund – Place a condition upon any of the expenditures of \$8.3 million related to the downtown water storage tank project and the condition would be no expenditures would take place until such time as the City Council was satisfied with the specific plan for the water project.

(2-0) Discussion ensued regarding the Public Utility Commission's report and recommendations, the status of water meters, the three top needs for the department being capital undertaking which the financing needed to be secured, utility governance efforts and meeting the requirements of the community. Review continued relative to consolidation of services of the Pinedale area and LAFCO's participation, multi-family recycling with Chief of Operations Gedert reviewing the education program and Councilmember Sterling recommending District 3 be a target area. Chief of Operations Weakley and Sewer Maintenance Manager Wilson responded to questions.

Mr. Souza, Mr. Ramirez, Mr. Gedert, and Mr. Wilson responded to questions/comments of Councilmember Westerlund at length and/or clarified issues relative to the placement of the downtown water storage tank, asphalt repair service, landfill tipping fees, K – 12 education on recycling, Safe Place Program and the root abatement program. Acting President Xiong questioned the issue relating to the consolidation of outside legal services.

(3-0) Councilmember Duncan stated he had received a number of concerns from senior citizens regarding the utility rates increase, adding staff needed to look at a more efficient billing service, recommending staff provide a formal proposal to Council for a monthly billing cycle.

#4 MOTION- Duncan/Calhoun – Request staff to provide a formal proposal from the Department of Public Utilities to provide options to convert to a monthly billing cycle for utility bills.

Mr. Ramirez and Assistant Public Utilities Director Martin responded to questions by President Perea regarding the department's electricity bill and options to reduce the cost, questioning whether an energy audit had been conducted. President Perea requested meeting with Mr. Ramirez in the near future for further discussion and review of options. President Perea expressed his concerns with the downtown water storage tank being upgrade and possibly working to purchase new equipment for the higher density areas.

President Perea welcomed students visiting from Liddell Elementary School. Councilmember Calhoun stated he had recently toured an agricultural area in Tulare County where the large dairy farm used by-products to provide energy to run the dairy and in addition, visited a packing company where they were using solar energy.

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BREAK – 10:25 A.M. – 10:33 A.M. Councilmember Sterling arrived shortly thereafter.

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ECONOMIC DEVELOPMENT DEPARTMENT (EDD)

Economic Development Director Johnson gave a PowerPoint presentation on his department and proposed budget which included the fiscal year 2007 success of www.Fresnostartup.com; Municipal Restoration Zone (MRZ); Enterprise Zone which recently won a 15-year state designation; job growth and unemployment rate; reviewed marketing highlights; economic development goals for fiscal year 2008 consisting of mixed-use housing, shovel ready or turn key industrial land, the creation of 20,000 net new jobs, job shepherding; reviewed the Empowerment Zone; reviewed attractions to include the hosting of the Statewide organization CalEd, a retail summit to be held in August, 2007, where the City would be the location sponsor, with discussion ensuing regarding the need for an additional Project Manager to re-focus on shepherding and also the addition of a temporary clerical position.

(4-0) Councilmember Calhoun stated when his office received telephone calls, EDD staff had always followed up on the requests and thanked staff. Mr. Johnson and Management Analyst Smith responded to questions/comments of Councilmember Calhoun at length, and clarified issues relative to the dollar amount budgeted to outside consultant services, UC Medical Center, and RJJ funding. Councilmember Calhoun stated he had brought up the issue of Property Based Improvement District (PBID) last year, adding an amount of \$40,000 could be placed in contingency while a plan was being research and prepared and brought back to Council for a vote, noting this would be focused on the downtown area. Councilmember Calhoun provided pictures of a PBID showing a community he had recently visited.

#5 MOTION – Calhoun/Perea – Direct staff to place \$40,000 into a contingency fund that would be used over the course of a year to research and development a plan to create a Property Based Improvement District (PBID).

Questioning continued by Councilmember Calhoun relating to the beautification of Blackstone Avenue, commended the housing initiative in the MRZ, a water incubator at Fresno State University, and spoke in support of the film and entertainment. President Perea welcomed another group of students visiting from Liddell Elementary School. Councilmember Calhoun thanked the students for assisting with the planting of four trees in recognition of water conservation month.

Discussion ensued with Councilmember Dages commending staff on the hard work at the ICSC Conference in Las Vegas, questioned the industrial sites located near the Airport, stating the City should not renew any leases, questioned the 20,000 jobs being a part of RJI's proposal of the creation of 30,000 jobs, MZR funding, and reviewed the amount of \$54,900 not being enough funding to cover travel and conferences, adding the City was on the right track in attending and sponsoring conferences.

At the hour of 11:46 a.m. Acting President Blong briefly left the meeting. Councilmember Sterling questioned EDD's three needs for the fiscal year 2008 with Mr. Johnson stating staffing, organization and additional software. Questions continued relative to social compact drill program, and the long and short term goals for the film commission. At the hour of 11:55 a.m. Acting President returned to the meeting. Discussion was continued to 2:00 p.m.

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DIRECT STAFF TO RETURN TO COUNCIL WITH AN AMENDMENT TO AAR NO. 2006-253 APPROPRIATING \$1.2 MILLION OF GENERAL FUND DOLLARS FOR THE PGA VETERAN'S CHAMPION GOLF TOURNAMENT CONTINGENT UPON AN AGREEMENT WITH THE PGA FOR A MINIMUM FIVE YEAR COMMITMENT TO HOLD A PGA GOLF TOURNAMENT AND CONTINGENT UPON A MATCHING GRANT OF \$1.2 MILLION DOLLARS OR GREATER AMOUNT RAISED FROM THE PRIVATE SECTOR

(5-0) Councilmember Westerlund stated he had to leave for Army duty this afternoon and requested time be given to receive an update on the PGA golf tournament, adding there was to be an announcement, with City Manager Souza stating the 2007 tournament would not be held in Fresno and upon completion of the Copper River Golf course PGA would work with the City for a long term basis, adding to pull the tournament together in a five months was not viable, noting PGA was interested in holding the tournament in Fresno. Councilmember Westerlund stressed it was an opportunity that the City missed out on and withdrew the above listed item and the previous motion made on May 18, 2007, directing staff to return to Council with an amendment to AAR No. 2006-253 appropriating \$1.2 million of general fund dollars for the PGA Veteran's Champion Golf Tournament contingent upon an agreement with the PGA for a minimum five year commitment to hold a PGA Golf Tournament and contingent upon a matching grant of \$1.2 million dollars or greater amount raised from the private sector.

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LUNCH – 11:59 P.M. – 2:00 P.M. Councilmember Westerlund was absent for the remainder of the meeting.

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ECONOMIC DEVELOPMENT DEPARTMENT (EDD) (CONTINUED FROM EARLIER IN THE MORNING)

Mr. Johnson, Project Manager Bowness and City Manager Souza responded to questions/comments of Acting President Xiong at length and/or clarified issues relative to social compact drill program of \$100,000 and what was entailed, the process of shepherding was discussed at length, the need for the additional new Project Manager and the importance of assisting in the needs of small businesses as well as big companies.

City Manager Souza gave a brief background of the PBID established in Visalia and the Executive Director of the Downtown Association of Visalia shared some information, stating the City alone could not begin the PBID formation process, adding the City had of role in supporting the project and believed if there was a match from both parties involved, everyone would have an economic investment. Mr. Souza stressed the importance of taking the right steps to begin the process.

Councilmember Duncan questioned the measures of success for the MRZ, the application, and the number of people hired with Mr. Souza stating the purpose of the MRZ was a concentration of poverty, adding this was an indicator of success. Extensive discussion ensued regarding the best use of funds for the MRZ. Councilmember Duncan questioned the \$100,000 budgeted for the UM Medical Center, with Mr. Johnson stating there was a hold on finding out if there would be a research lab in Fresno and would know in approximately one month. Councilmember Duncan expressed concern with no direction being given in terms of what the funding should be used for and stressed there was no plan in place.

#6 MOTION – Duncan/Dages – Direct staff to transfer \$100,000 for the UC Medical Center into the marketing, travel and tradeshow conferences budget.

Councilmember Duncan questioned what trade shows staff was planning to attend next year with Mr. Johnson reviewing several shows the department had scheduled and Councilmember Duncan recommended staff look into attending the WQA Aquatech 2008, Promat, Power Gin International and Call Center Exhibition.

President Perea questioned the UC Medical Center and concurred with Councilmember Duncan's concerns, questioned the funding for Social Compact Fund Program, adding as the project moved forward, staff needed to be specific in terms of where the program would take place in west Fresno, adding there were poverty areas in Central Fresno and other parts of the community that were having the same struggles. **(6-0)** President Perea questioned the funding of \$323,000 in incentives and questioned how many jobs were created along with the wages and whether there was health care with Mr. Johnson stating he would provide the information.

Discussion ensued regarding Sports Town, stating last year there was controversy and to date the only thing that had occurred was Virginia Hotel would possibly be purchased by a private developer and expressed concern with the budgeted amount of \$400,000 along with CDBG money, advising there were no visual plans. Councilmember Duncan expressed concern in that the project would make money for the private developer, stating using CDBG funds to make money for the private developer was wrong because CDBG funding should be used to assist poor areas and poor people, noting other funding sources should be used. Mr. Souza stated the project would provide an opportunity for the City and the intent of using CDBG funding was not to provide money for the private developer, adding staff would be providing the Vision 2010 plan in the near future, noting the Sports Town tied into the Fulton Mall and Forrest City Project along with the Convention Center.

TRANSPORTATION

Transportation Director Hamm gave a PowerPoint presentation on his department and proposed budget which included the department's overview and fiscal 2007 highlights, reviewed service improvements, FY 2008 revenue, FY 2008 operating initiatives, FY 2008 capital initiatives, positions to support new service and initiatives requesting 38 additional positions, and future challenges.

Mr. Hamm, Assistant City Manager Rudd and Budget Manager Smith responded to questions/comments of Councilmembers Calhoun and Duncan with having a creative plan to get more of the City population to take the bus, concerned with auditor's report for Handyride, a request to review the transportation studies, a bus route for the new community college opening up in the northeast corner of Fresno as well as a new high school with Mr. Rudd stating there was preliminary discussions with the City of Clovis to amend the existing contract to allow Clovis to provide service. Mr. Rudd stated a report would be brought back to Council in 30 – 45 days.

Councilmember Dages questioned what was premium pay, reviewed Route 40 for Maple Avenue which 150-unit apartment complex was to be built, and part of the agreement was to have a bus stop in front of the complex which the developer would pay for the services with brief discussion ensuing. Questioning continued with allocation of two police officers assigned to Transportation and the cost of Paratransit services.

Councilmember Sterling questioned the three needs for the department with Mr. Hamm stating quality equipment, larger facilities and meeting the needs of the community. **(7-0)** Brief discussion ensued regarding the mileage on the City buses and how many buses were needed to reduce taxicab service. President Perea recommended coordinating an outreach center for Manchester Senior Mall and requested Transportation work with his staff. Brief discussion ensued regarding alternative fuel and the number of buses left to be converted.

The hearing on the FY 2008 City of Fresno budget was continued to Tuesday, June 5, 2007, at 10:00 a.m. to discuss the remaining departments.

ADJOURNMENT

There being no further business to bring before the City Council, the hour of 3:37 p.m. having arrived and hearing no objections, President Perea declared the special meeting adjourned.

Approved on the _____ day of _____, 2007.

_____ATTEST:_____	
Henry Perea, Council President	Cindy Bruer, Deputy City Clerk

